

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

DIB5018 – INTRODUCTION TO INTERNATIONAL BUSINESS

(All sections / Groups)

11 OCTOBER 2016

9.00 a.m – 11.00 a.m

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **NINE** (9) pages with 3 sections.
2. Answers for Section **A** and **B** should be shaded on the OMR sheet provided.
3. For Section **C**: Please write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (each question carries 1 mark).

Answers for this section should be shaded on the OMR form.

1. Kevin, marketing manager of the North American Bowling League, has decided to telecast major bowling competitions to viewers in multiple countries rather than only in Canada and the U.S. Which of the following goals would this **MOST** likely help Kevin accomplish?
 - A. Acquiring new resources.
 - B. Minimizing corporate risks.
 - C. Increasing sales and profits.
 - D. Obtaining competitive advantages.
2. A firm is currently seeking resources from foreign countries. Which of the following is the **LEAST** likely reason for doing so?
 - A. Manufacturing products at a lower cost.
 - B. Gaining knowledge about a specific market.
 - C. Following a customer into the global market.
 - D. Differentiating its products from the competition.
3. An example of a Malaysian merchandise import is an automobile made in _____ and sold _____.
 - A. Malaysia by a Japanese company; in Malaysia
 - B. Malaysia by a Japanese company; outside Malaysia
 - C. Japan by a Japanese company; in Malaysia
 - D. Japan by a Malaysian company; outside Malaysia
4. Reebok pays a royalty to the German Soccer League to use the team's logo on t-shirts that it sells. Reebok and the German Soccer League **MOST** likely have a _____.
 - A. turnkey operation contract
 - B. licensing agreement
 - C. portfolio investment
 - D. joint venture
5. The Internet has helped small businesses compete in global markets because it _____.
 - A. allows them to establish a physical presence in each country
 - B. avoids transactions involving foreign exchange
 - C. eliminates price controls
 - D. reduces entry costs

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6. Which term refers to the location of a parent company's headquarters?
- A. Host country.
 - B. Home country.
 - C. Third country.
 - D. Local country.
7. McDonald's has licensed its brand name, operational systems, and trademarks to individual restaurant owners in Asia. This is called international _____.
- A. leasing
 - B. marketing
 - C. franchising
 - D. diversifying
8. Regional trade and investment has been made easier in the U.S, Canada and Mexico through which of the following?
- A. The Global Trade Institute.
 - B. Kyoto Protocol.
 - C. The Hanover Accord.
 - D. North American Free Trade Agreement.
9. India was a colony of which country?
- A. China.
 - B. France.
 - C. Pakistan.
 - D. The United Kingdom.
10. A policy that encourages economic growth through export expansion is called _____.
- A. export expansion
 - B. export substitution
 - C. export promotion
 - D. development stimulation
11. Thailand, Malaysia, and Indonesia were all recipients of significant FDI during the 1980s and 1990s because they offer _____.
- A. strong domestic currencies
 - B. large domestic markets
 - C. few trade barriers
 - D. low labor costs

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12. Bingo Manufacturing is planning to expand operations overseas. Executives at the firm are considering a number of different countries. Which of the following countries would **MOST** likely have the lowest start-up costs?
- A. Singapore.
 - B. China .
 - C. Japan.
 - D. The United States.
13. Companies doing international business are more likely to be successful when they _____.
- A. conduct frequent performance appraisals
 - B. understand local market characteristics
 - C. employ primarily local managers
 - D. rely on experienced expatriates
14. _____ is the dominant market for Canadian goods.
- A. The European Union
 - B. The United States
 - C. China
 - D. Mexico
15. _____ is the chance that political forces may change a country's business environment in ways that lead investors to lose some or all of the value of their investment or be forced to accept a lower-than-projected rate of return.
- A. Governmental risk
 - B. Operating risk
 - C. Political risk
 - D. Transaction risk
16. The transmittal of technology from one country to another is known as technology _____.
- A. repatriation
 - B. transfer
 - C. drain
 - D. piracy

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17. Common law is primarily based on _____.
A. actions taken by government legislatures
B. the cumulative wisdom of judges' decisions on individual cases through history
C. a codification of what is and is not permissible
D. the officially established rules governing the faith and practice of a particular religion
18. Premium Hut, an international supermarket chain, recently opened a new store in the Taiwanese market. Which of the following will Taiwanese consumers **MOST** likely experience?
A. a decrease in the selection of products
B. more use and throw type of products
C. higher standards of quality
D. the loss of local jobs
19. A country restricting access to high-technology goods or withdrawing preferential tariff treatments is using _____.
A. embargoes
B. trade limits
C. sanctions
D. extraterritoriality
20. Dual-use products are those that can be used for both _____ and _____ purposes.
A. civilian; military
B. domestic; business
C. wholesale; retail
D. profit; nonprofit
21. The United States restricts all trade with Cuba. This is an example of a(n) _____.
A. boycott
B. tariff
C. embargo
D. ban
22. Which of the following languages has the **MOST** native speakers?
A. English.
B. Mandarin.
C. Spanish.
D. Hindi.

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23. When a company does business in another country whose official language is the same as its home country's, the company should **MOST** likely _____.
- A. assume that communications will go smoothly
 - B. use back-translation on all written documents
 - C. realize that words may have different meanings
 - D. assume that word meanings are the same despite spelling differences
24. Which country listed below is a group-focused society?
- A. Japan.
 - B. Germany.
 - C. Ireland.
 - D. Canada.
25. Religion _____.
- A. is the exclusive means by which a society's members communicate with each other
 - B. shapes the attitudes its adherents have toward work, consumption, individual responsibility, and planning for the future
 - C. is the overall framework that determines the roles of individuals within a society, the stratification of the society, and the individuals' mobility within the society
 - D. stems from deep-seated beliefs about the individual's position in relation to his or her deity, the family, and social hierarchy
26. Country A has 14 official languages and nearly 2,000 dialects. Which of the following is **MOST** likely a true statement?
- A. Nonverbal communication is unlikely to be very effective in Country A.
 - B. Income and value differences exist among the citizens of Country A.
 - C. MNEs should avoid Country A due to costly adaptation needs.
 - D. Nationhood is the defining factor of the society in Country A.
27. Assuming that you wanted to start a good working relationship with a person from a high-context culture, which of the following would be an effective strategy?
- A. Provide written communication so that your proposal is formally presented.
 - B. Be very conscious of time, rush to get started.
 - C. Don't be concerned about building a relationship.
 - D. Use nonverbal communication channels to get your message across and use body language extensively to communicate.

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28. _____ is the unconscious use of one's own culture to help assess new surroundings.
- A. Acculturation
 - B. Cultural illiteracy
 - C. Cross-cultural literacy
 - D. Self-reference criterion
29. Which of the following country has a low-context culture?
- A. China.
 - B. Africa.
 - C. India.
 - D. The United States.
30. Hofstede's dimensions of culture were based on a study at _____.
- A. Google
 - B. Intel
 - C. IBM
 - D. Apple

[TOTAL 30 MARKS]

SECTION B: TRUE/FALSE QUESTIONS (each question consists of 1 mark).

Answers for this section should be shaded on the OMR form.

Mark "A" for the TRUE statement and "B" for the FALSE statement.

31. The theory of national competitive advantage was developed by Michael Porter.
32. An "unfavorable" balance of trade indicates that a country's exports are less than its imports.
33. Trade occurs more between culturally dissimilar countries than between culturally similar countries.
34. The theory of absolute advantage holds that there are advantages to trade because different countries can produce different goods more efficiently than others.
35. According to the product life cycle theory of trade, most new products are produced in countries where wage rates are low.
36. Political factors do not affect a firm's decision to undertake foreign direct investment.

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37. Leontief found that the United States was producing and exporting capital-intensive goods.
38. Managed trade is another term for free trade.
39. The infant industry argument has been adopted in countries worldwide.
40. Exports generate domestic jobs.
41. A transit tariff is a form of import tariff.
42. Subsidies reduce the cost of doing business.
43. NAFTA provided many of the benefits of Mexico's foreign trade zones to factories throughout Mexico.
44. The fundamental reason for the existence of a business is to create value.
45. Accepting gifts in a business relationship is unethical behavior in any country.
46. Social responsibility is the set of obligations an organization undertakes to protect and enhance the society in which it functions.
47. A company with a defensive stance to social responsibility will do everything that is required of it legally but nothing more.
48. Firms that view themselves as citizens in a society and are proactive about finding ways to contribute to it are taking an accommodative stance towards social responsibility.
49. Firms conduct corporate social audits to assess the ethical values and behaviors of employees.
50. Stockholders are typically more interested in corporate social responsibility than in earning profits.

[TOTAL 20 MARKS]

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SECTION C: STRUCTURED QUESTIONS

Answer ALL questions. Answers should be written on the answer booklet provided.

QUESTION 1

- a. In a short essay, discuss at least **three (3)** reasons why do companies use foreign exchange. (3 marks)
- b. Currencies that are freely tradable are called convertible currencies. They are also called hard currencies. List at least **four (4)** examples of hard currencies. (4 marks)
- c. Explain how the rising value of the Malaysian ringgits relative to the U.S. dollar affects
 - i. Malaysian consumers,
 - ii. Malaysian tourists to the United States, and
 - iii. Malaysian exporters to the United States. (3 marks)
- d. What are the **three (3)** different ways to establish an overseas banking operation? List and explain each of them. (6 marks)

QUESTION 2

- a. There are many similarities between developing a strategy for competing in a single country and developing a strategy for competing in multiple countries. In both cases, the firm's strategic planners must answer the same fundamental questions. What are the **five (5)** fundamental questions? (5 marks)
- b. What are the **three (3)** sources of competitive advantage that are available to MNCs but unavailable to domestic firms? Explain each of them. (6 marks)
- c. What is the purpose of conducting a SWOT analysis? As an international manager, how would you conduct a SWOT analysis? How would you use the gathered information? (5marks)
- d. The mission statement clarifies the organization's purpose, values, and directions. Provide at least **one (1)** example of a well written mission statement that has been discussed in the class. (1 mark)

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QUESTION 3

- a. Explain the term 'ownership advantage' and provide an example of it. (2 marks)
- b. In order to increase market share, revenue, and profits, firms must follow three steps. Specify the **three (3)** steps involved. (3 marks)
- c. Provide at least **three (3)** advantages and **three (3)** disadvantages of exporting. (6 marks)
- d. List and describe the **two (2)** types of motivation behind exporting. (6 marks)

[TOTAL 50 MARKS]

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